

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2016-2

**COMMENTS OF THE
NATIONAL POSTAL POLICY COUNCIL**
(December 7, 2015)

The National Postal Policy Council¹ hereby respectfully submits its comments on the five temporary promotions and related classification changes filed by the Postal Service in this docket.²

In its *Notice* (at 3-6), the Postal Service announced its intent to offer in 2016 five technology and Earned Value Reply Mail promotions, each of which is a continuation (or repetition) of a corresponding promotion offered in 2015. Of the five promotions, three – the Emerging and Advanced Technology/Video in Print Promotion; the Earned Value Reply Mail Promotion; and the Personalized Color Transpromo Promotion – would apply to First-Class Mail.

¹ The National Postal Policy Council is an association of large business users of letter mail, primarily Bulk First-Class Mail using the Automation rate category, with member companies from the telecommunications, banking and financial services, insurance, and mail services industries. Comprised of 39 of the largest customers of the Postal Service with aggregated mailings of nearly 30 billion pieces and pivotal suppliers, NPPC supports a robust postal system as a key to its members' business success and to the health of the economy generally.

² *United States Postal Service Notice of Market-Dominant Price Adjustment*, Docket No. R2016-2 (Nov. 18, 2015) ("*USPS Notice*"). The Commission gave notice of these adjustments in Order No. 2824, 80 *Fed. Reg.* 73245 (November 24, 2015).

NPPC recommends approval of the promotions presented in the *Notice*. More generally, NPPC would encourage the Postal Service to explore ways of making greater use of promotions in the future. That First-Class Mail, with an annual volume of more than 63 *billion* pieces,³ experiences only *three* promotions over the course of a full year suggests that the Postal Service is leaving a great many opportunities on the table.

NPPC has worked with, and will continue to work with, Postal Service management to explore new promotional opportunities. NPPC believes the potential exists for many types of promotions that could encourage innovative uses of First-Class Mail, as well as to maintain and increase volume in the future. It would seem to serve the Postal Service's interest to use its pricing flexibility aggressively in this area. While First-Class Mail remains the Postal Service's most profitable product by far, its decline amidst the ongoing migration to electronic alternatives demonstrates that the letter monopoly does not ensure that the volume will always be there.

In addition, NPPC, as it has in past proceedings, encourages the Postal Service to give as much advance notice as possible of its planned promotions. It may be surprising to some that the large and sophisticated mailers that comprise the NPPC require lengthy lead times in order to take advantage of promotions, but such is the reality of large corporate mailing operations. Two of the promotions available to First-Class Mail are scheduled to begin as early as March and April, which provides relatively little time for NPPC members to make

³ USPS Market Dominant Products Final Revenue, Pieces, and Weight Report for Fiscal year 2015.

plans to use them. That lack of time is unfortunate, because promotions are most beneficial when mailers are able to participate throughout the promotional period. When the notice period is relatively brief, fewer mailers can participate than might have been the case with a longer notice period.

Although NPPC appreciates the advance notification that the Postal Service has provided in its *Notice*, substantially longer notice would be much more efficacious. NPPC members consistently advise that a year's notice would be optimal in order to take advantage of these promotions. Therefore, NPPC respectfully suggests that the Postal Service strive to set that length of notice in the future, as doing so would be in the mutual interest of the Service and mailers.

For the foregoing reasons, the National Postal Policy Council respectfully urges the Commission and the Postal Service to take these comments into consideration.

Respectfully submitted,

NATIONAL POSTAL POLICY COUNCIL

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